

4. Resolution: Amendment to Housing Development Loan Funding Allocations for The Catherine

The Board will receive a briefing about and consider adopting a resolution that would amend the recent Housing Development Loan Program (HDLP) loan to The Catherine (Phase 1 and Phase 2) project at approximately 1881 West North Temple. The amendments would also include a conditional waiver of the 30-year deed restriction that is standard in HDLP loans and would require the Developer pay an above-market interest rate on the loan if the project does not progress as planned within two years. The project is a 372-unit development that would provide studio to three-bedroom rental apartments at 41-60% Average Median Income (AMI). It received \$1.1 million in the most recent HDLP allocation in March 2024.



BOARD STAFF REPORT

THE REDEVELOPMENT AGENCY *of* SALT LAKE CITY

TO: RDA Board Members

FROM: Allison Rowland
Senior Budget & Policy Analyst

DATE: June 11, 2024

Item Schedule:

Briefing: June 11, 2024

Set Date: N/A

Public Hearing: N/A

Potential Action: June 11, 2024

**RE: RESOLUTION: AMENDMENT TO HOUSING DEVELOPMENT LOAN FUNDING
ALLOCATIONS FOR THE CATHERINE**

ISSUE-AT-A-GLANCE

The Board will review and consider approving an amendment to an affordable housing project that received \$1,134,323 in the most recent Notice of Funding Availability (NOFA) competition for Fiscal Year 2024 (FY24) funds allocated to the RDA's Housing Development Loan Program (HDLP). The developer of "The Catherine" Phases 1 and 2, at approximately 1881 W. North Temple, was recently informed that the project did not receive the 4% Federal Low-Income Housing Tax Credit (LIHTC) credits needed to make the project viable. The developer, 22 Communities is an experienced and well-regarded developer of affordable housing that has been working with RDA staff to find a workable alternative for this project.

The project is a 372-unit development that originally was awarded a low-interest loan for \$1 million of "dormant" Federal housing program income, as well as \$134,323 from the RDA budget. As proposed, it would provide studio to three-bedroom rental apartments at 41-60% Average Median Income (AMI).

The proposed amendment would shift the loan type to an acquisition loan to ensure the developer is able to buy the property; this would be converted later to a construction-to-permanent loan. The amendment would require a conditional waiver of the HDLP deed restrictions, and because RDA policy does not address this situation, the staff needs Board approval to proceed. The condition of the waiver is that if the project is unable to secure tax credits and financing in the next two years, and close on a construction-to-permanent loan, the developer would be required to pay the RDA an above-market interest rate for the loan. In that case, the conditional waiver also would allow the 30-year affordable deed restriction to be removed.

The RDA Finance Committee reviewed and unanimously recommended this request on May 29, 2024, with a clarification that Phase 1 HUD HOME requirements and regulations be met prior to closing.



Goal of the briefing: Discuss and consider adopting the resolution that would amend the Housing Development Loan Program (HDLP) loan to The Catherine Phase 1 and Phase 2 projects.

ADDITIONAL INFORMATION

A. Background. The Catherine development project (Phases 1 and 2) was included on the list of projects approved by the Board last March for \$15.4 million in affordable housing loans offered through the FY24 Notice of Funding Availability (NOFA), issued in 2023. The purpose of these low-interest loans is to incentivize the inclusion of affordable housing in new construction, as well as preservation and rehabilitation projects. (For additional information, see Attachment C1, or see the March [staff report](#).)

City loan funding for the development project was combined from two sources—“dormant” Federal housing program income and the RDA budget—for a total of \$1,134,323. At completion, the project would provide 372 rental apartments, ranging in size from studio to three-bedroom units, and priced at 41-60% Average Median Income (AMI). The terms originally approved by the Board for each phase of the development are identical, as listed below.

	Interest Rate	Term	Amortization	Repayment Type
Phase 1	2.0%	16 year	40 year	Cash Flow
Phase 2	2.0%	16 year	40 year	Cash Flow

Since the project did not receive LIHTC credits, the developer will not be able to buy the property before the end of this year. Instead, the developer has executed a new purchase and sale agreement for the property with a lower price and a much quicker closing date than originally anticipated. If the amendment to the HDLP loans is approved by the Board, it would allow the funds to be used for acquisition, and the loan could later be converted to a construction-to-permanent one.

B. Proposed New Terms. The developer has requested a loan modification with a conditional waiver of the deed restriction. The proposal would change the original loan type to an acquisition loan that later could be converted to a construction-to-permanent loan. The conditional waiver of the deed restriction would allow the standard HDLP 30-year affordable deed restriction to be removed, provided the developer agrees to repay the HDLP loan at an above-market interest rate. This rate would be set to the two-year US Treasury Yield at the time of closing plus 800 basis points (8 percentage points) calculated from the time of interest accrual. The condition is meant to avoid setting a precedent that could encourage other developers to attempt to use the HDLP as a low-cost source for acquisition loans. The deed restriction would be waived, and the loan’s interest rate would be raised, only if the project is unable to secure tax credits and financing within the next two years, and cannot meet the conditions required to close on a construction-to-permanent loan. This type of agreement falls within existing RDA policies.

Construction Phase	Interest Rate	Term	Amortization	Repayment Type
Phase 1				

- Acquisition	1.0%	2 years		Balloon or Conversion
- Construction-to-Permanent	2.0%	16 years	40 years	Cash Flow
Phase 2				
- Acquisition	1.0%	2 years		Balloon or Conversion
- Construction-to-Permanent	2.0%	16 years	40 years	Cash Flow

C. Future Steps. The developer intends to reapply for tax credits in the coming months, and these may be awarded as early as July. The 4% LITHC has become more competitive in recent years as construction prices have risen and more projects seek this source of funding. Each year, a limited amount of funding is allocated to projects on a first-come, first-served basis. By the time the Catherine Phase 1 and 2 was considered, most funding had already been allocated.

D. Site Conditions. The existing land use for this property is Industrial. The developer has completed a Phase 1 environmental review, which did not detect any hazardous materials associated with the property. This environmental review is also required as a condition of the HOME funds that were allocated in March.

POLICY QUESTIONS

1. Does the Board agree that the terms of the proposed loan and conditional waiver are sufficiently rooted in RDA policy, and strict in their terms, that they are unlikely to attract less scrupulous developers who wish to cite precedent to obtain similar terms?

ATTACHMENTS

Attachment C1. Summary of RDA Finance Committee Recommended FY24 HDLP Funding.

REDEVELOPMENT AGENCY OF SLC THE CATHERINE PHASE 1 AND 2 HOUSING DEVELOPMENT LOAN PROGRAM LOAN TERM AMENDMENT

RDA BOARD OF DIRECTORS MEETING – JUNE 11, 2024



SLCRDA

BACKGROUND

- The Catherine Phase 1 and Phase 2
 - Developer: 22 Communities
 - Funded through competitive Housing Development Loan Program (HDLP) NOFA process
 - RDA Board allocated \$15M to 13 of the 15 projects
 - Both projects ranked 10 of 15
 - Allocations
 - Phase 1: \$1M in HOME Program Income Funds
 - Phase 2: \$134,323 in RDA Funds



PROJECT SUMMARY

- 2 phase project:
 - Phase 1: 228 Units - 100% affordable to households between 41%-60% AMI.
 - Phase 2: 144 Units – 100% affordable to households between 41%-60% AMI.
- Mix of studio, one-, two-, and three-bedroom units.
- Due to the lack of bond cap at the last PAB, Developer is seeking to restructure the loan into an acquisition loan.



PROPOSED AMENDMENTS

1. Amend the loan type for each phase to an acquisition loan that may convert to a construction to permanent loan within 2 years
2. Allow for conditional waiver of affordable deed restriction that would allow removal of 30 year deed restriction by requiring Developer to pay an above market interest rate if project cannot secure tax credits, financing, and meet other conditions required to close on construction to permanent loan within 2 years.



APPROVED TERMS VS PROPOSED AMENDMENTS

Amended Request:	\$1,134,323 between HOME and RDA Funds	
	ORIGINAL APPROVAL	PROPOSED AMENDMENT
Amount:	Phase 1: \$1,000,000 HUD HOME Funds Phase 2: \$134,323 RDA Funds	Phase 1: \$1,000,000 HUD HOME Funds Phase 2: \$134,323 RDA Funds
Loan Type	Construction to Permanent	Acquisition loan that may convert to Construction to Permanent loan
Repayment Type	Cash Flow	<i>Acquisition:</i> Balloon payment or conversion to Construction to Permanent loan <i>Construction to Permanent:</i> Cash flow
Interest Rate:	2%*	Acquisition: 1%*, may be subject to change. See "Other" section below. Construction to Permanent: 2%*
Term/Am:	16 yr/40 yr	<i>Acquisition:</i> 2 years (24 months) <i>Construction to Permanent:</i> 16 yr/40 yr
Other:	Deed restriction of 30 years or same period as senior financing, whichever is greater	Deed restriction of 30 years with conditional waiver to requirement: If unable to secure tax credits and financing within 24 months and property cannot fulfill affordable housing obligation, developer could request removal of deed restriction. Removal of deed restriction will require the loan to be paid in full with an interest rate of the 2 Year US Treasury Yield at time of closing + 8% calculated from the time of interest accrual.
*Interest rate after reductions from meeting project priorities.		

CONSIDERATIONS

- The HDLP policy allows for acquisition loans.
 - The LTV is 78%, under the 90% threshold as outlined in the policy.
 - The developer has maximized other lending sources and will obtain a loan from a senior lender.
- The amendment will help with project's ability to acquire the property.
- The RDA has taken steps to ensure the Developer will not be incentivized to flip the property to market due to the low interest rate by requiring a significantly higher interest rate should the deed restriction be waived on the property.
- If approved, Developer will purchase the property this month.



RDA FINANCE COMMITTEE RECOMMENDATION

- Approve loan amendments with the requirement that Phase 1 HUD HOME requirements and regulations are met prior to closing.







REDEVELOPMENT AGENCY *of* SALT LAKE CITY

STAFF MEMO

DATE: May 23, 2024

PREPARED BY: Tracy Tran, Senior Project Manager, and Marcus Lee, Project Coordinator

RE: Consideration and Adoption of a Resolution Approving the Amendment of a Funding Allocation from the 2023 Notice of Funding Availability for Affordable Housing.

REQUESTED ACTION: Consider approving an amendment to a loan and a conditional waiver of the deed restriction to 22 Communities for The Catherine Phase 1 and 2, located at approximately 1881 W North Temple.

POLICY ITEM: Affordable housing.

BUDGET IMPACTS: \$1,134,232 total: \$1,000,000 in HUD HOME funds and \$134,232 in RDA funds

EXECUTIVE SUMMARY: The Redevelopment Agency of Salt Lake City (“RDA”) issued a competitive Notice of Funding Availability (“NOFA”) on November 17, 2023, to solicit applications through the Housing Development Loan Program (“HDLP”). Through the HDLP, the RDA intends to commit low-cost financial assistance to projects to incentivize the development and preservation of affordable housing within city limits. The program provides flexibility to accommodate a wide range of projects that may be dependent upon a myriad of underwriting standards by outside lenders. The RDA Board adopted a policy for FY2023-2024 that required all projects applying for funding through the HDLP to include either deeply affordable housing units or affordable family-sized units in this competitive HDLP NOFA. In March 2024, the RDA Board allocated over \$15 million to thirteen of the fifteen eligible affordable housing developments.

Of those thirteen projects approved for funding, 22 Communities (“Developer”), proposed both The Catherine Phase 1 and The Catherine Phase 2, which both had a ranking of 10 out of the 15 projects. The Catherine Phase 1 received \$1,000,000 in HOME Program Income Funds and The Catherine received \$134,323 in RDA Funds for a construction to permanent loan for each phase. The Developer is seeking an amendment to the approval requesting to modify the loan type to an acquisition loan that could be converted to a construction to permanent loan with a conditional waiver of the deed restriction requirement within the HDLP policy. The conditional waiver could allow that the 30-year affordable deed restriction be removed by requiring that the Developer pay an

above market interest rate if the projects are unable to secure tax credits, financing, and meet conditions required to close on construction to permanent loan within 2 years.

RDA FINANCE COMMITTEE RECOMMENDATION: The RDA Finance Committee (“Committee”) will review and provide a recommendation on the request on May 29, 2024. The Committee’s recommendation will subsequently be forwarded to the Board.

ANALYSIS & ISSUES:

Guiding Policy

The subject loans are being administered pursuant to the Housing Allocation Funds Policy (“Funds Policy”) and the Housing Development Loan Program Policy (“HDLP Policy”). The Funds Policy establishes policies for allocating and directing resources for the development and preservation of housing by various funding sources and the HDLP Policy provides low-cost financial assistance to incentivize the development and preservation of affordable housing within Salt Lake City municipal boundaries. Overall, the HDLP Policy provides a centralized application, underwriting, and approval process. These loans applied in the FY2023-2024 competitive Notice of Funding Availability and are subject to the [FY2023-2024 HDLP Annual Affordable Housing Funds Guidelines + Application Handbook](#).

Overview of Proposal

- Due to the limited amount of funds available through the State of Utah’s Private Activity Bond (“PAB”) and the number of applications, the Developer’s bond allocation for the 4% LIHTC request was not funded in the April 3, 2024, PAB meeting. With this delay, the Developer will need to re-apply as additional bond cap becomes available. This has altered the Developer’s ability to acquire the property by the end of 2024. In response, the Developer has executed a new purchase and sale agreement for the property that has a lower price, but a much quicker closing date than originally planned.
- By purchasing the property earlier than anticipated, the Developer will secure financing from a senior lender for the acquisition and is requesting to amend their HDLP loans to allow them to use the funds for acquisition that could be converted to a construction to permanent loan.
- The Developer is seeking a conditional waiver to the deed restriction requirement if they are unable to secure tax credits, financing, and meet conditions required to convert the loan to a construction to permanent loan within 2 years.
- The project details such as total units, affordability levels, and public benefits are not anticipated to change. See Attachment B for updated Project Summaries.

Loan Type

The Developer applied for a construction to permanent loan for both The Catherine Phase 1 and The Catherine Phase 2. The Developer is requesting to modify the loan type for both phases to an acquisition loan that could convert to a construction to permanent loan within a 2-year term. HDLP Policy allows for both acquisition loans as well as construction to permanent loans. Although these loan types are allowed within the HDLP Policy, this proposed modification has a different set of loan terms that would provide funds earlier for acquisition and is a change from what was previously approved. The HDLP Standard Loan Terms and Conditions requires the following for funds used for property acquisition:

- *Maximize Other Sources: Applicants must demonstrate that they have maximized other available financing sources thereby limiting HDLP funding to the lowest amount necessary to close the funding gap and assure project feasibility.*
- *Loan to Value: Loans will be sized to a loan-to-value limit of 90% of the as-is appraised value inclusive of the RDA's loan and all senior debt.*

The developer will obtain a loan from a senior lender and the requested loan amounts between the RDA and senior debt is less than 90% LTV.

Conditional Waiver – Deed Restriction

The HDLP Standard Loan Term and Conditions for property acquisition require:

- *A restriction shall be recorded against the property that requires continued use of the specified units as affordable housing for at least the same period as the senior financing or a minimum of 30 years, whichever is greater.*

In this case, a 30-year deed restriction would be placed upon the property to ensure that the continued use of the specified units would be for affordable housing. The HDLP Policy does not provide language about the ability to remove deed restrictions. The Developer has requested that the deed restriction could be removed in the case the Developer is unable to secure tax credits, financing, and meet closing conditions within two years.

To ensure that the Developer commits to building affordable housing and does not flip the property to the market for a profit, the RDA suggests adding a provision that if the Developer is unable to secure tax credits, financing, and meet the conditions to convert to a construction to permanent loan, the 30-year deed restriction on the property could be removed and the RDA's 1% acquisition interest rate would be replaced by the rate of the United States Treasury Yield Curve of the loan term at time of closing plus 800 basis points calculated from the time of interest accrual (i.e. 2-Year yield + 8%) for the repayment of the HOME and RDA funds. This provision is backed by existing RDA policies and guidelines within the RDA's Revolving Loan Program.

A comparison of the original approval and the proposed amendments can be found below:

THE CATHERINE PHASE 1 AND PHASE 2**	ORIGINAL APPROVAL	PROPOSED AMENDMENT
Amount:	Phase 1: \$1,000,000 HUD HOME Funds Phase 2: \$134,323 RDA Funds	Phase 1: \$1,000,000 HUD HOME Funds Phase 2: \$134,323 RDA Funds
Loan Type:	Construction to Permanent	Acquisition loan that may convert to Construction to Permanent loan
Repayment Type:	Cash flow	<i>Acquisition:</i> Balloon payment or conversion to Construction to Permanent loan <i>Construction to Permanent:</i> Cash flow
Interest Rate:	2%*	<i>Acquisition:</i> 1%*, may be subject to change. See "Other" section below. <i>Construction to Permanent:</i> 2%*
Term/Am:	16 yr/40 yr	<i>Acquisition:</i> 2 years (24 months) <i>Construction to Permanent:</i> 16 year/40 year
Other:	Deed Restriction of 30 years or same period as senior financing, whichever is greater	Deed restriction of 30 years with conditional waiver to requirement: If unable to secure tax credits and financing within 24 months and property cannot fulfill affordable housing obligation, developer could request removal of deed restriction. Removal of deed restriction will require the loan to be paid in full with an interest rate of the 2-Year US Treasury Yield at time of closing + 8% calculated from the time of interest accrual.

*Interest rate after reductions from meeting project priorities.

**See Summary Sheets in Attachment B for additional project details

PREVIOUS BOARD ACTION:

- March 19, 2024: The Board approved the FY2023-2024 Competitive Housing Development Loan Program funding allocations.
- April 11, 2023: The Board adopted the Affordable Housing Funding Priorities for Fiscal Year 2023-2024.
- March 8, 2022: The Board adopted revisions to the Housing Development Loan Program Policy to direct review of applications to the RDA Finance Committee.
- February 9, 2022: The Board adopted revisions to the Housing Allocation Funds Policy.

- March 2021: The Board adopted the Housing Development Loan Program Policy.
- February 2021: The Board adopted the Housing Allocation Funds Policy.

ATTACHMENTS:

- Attachment A: *FY2023-2024 Competitive HDLP Funding Allocations*
- Attachment B: *Project Summary Sheets – The Catherine Phase 1 and The Catherine Phase 2*
- Attachment C: *HOME Funds Requirements*
- Attachment D: *Resolution*

ATTACHMENT A: FY2023-2024 COMPETITIVE HDLP FUNDING ALLOCATIONS

PROJECT/APPLICANT	ADDRESS	LIHTC Awarded?	WEIGHTED PROJECT PRIORITY SCORE/INTEREST RATE REDUCTION*	FUNDING REQUEST	PRELIMINARY TERMS*	RDA Committed Funds	Possible Additional RDA Funds	HOME Program Income	HOME Development Fund	HOME ARP Development	TOTAL FUNDING RECOMMENDATION	FUNDING RANKING
Norbridge Court Artspace	511 W 200 S	Yes, 9%	Target Populations: 3 Transportation Opportunities: 1 Neighborhood Safety: 1 Architecture & Urban Design: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 8	\$895,000	Interest Rate: 1.0% Term: 30 year Amortization: 30 year Hard Repayments	\$895,000					\$895,000	7
Bumper House SMH Builders	269 W Brooklyn Ave	Yes, 4%	Transportation Opportunities: 1 Neighborhood Safety: 1 Public Art: 1 TOTAL: 3	\$3,000,000	Interest Rate: 1.5% Term: 17 year Amortization: 40 year Hard Repayments						\$3,000,000	14
New City Plaza Apartments Housing Connect	1966 S 200 E	Yes, 4%	Target Populations: 3 Commercial Vitality: 1 Historic Preservation/Adaptive Reuse: 1 TOTAL: 5	\$895,000	Interest Rate: 2.5% Term: 40 year Amortization: 40 year Cash Flow Repayments					\$895,000	\$895,000	5
515 Tower - Conversion Phase I Perpetual Housing Fund	515 E 100 S	Yes, 9%	Family Housing: 3 Target Populations: 3 Expand Opportunity: 1 Historic Preservation/Adaptive Reuse: 1 Transportation Opportunities: 1 Commercial Vitality: 1 TOTAL: 10	\$2,650,000	Interest Rate: 2.0% Term: 15 year Amortization: 15 year Cash Flow Repayments						\$2,650,000	3
2nd South Apartments Hermes Affordable Services, LLC	934-948 W 200 S	Yes, 4%	Family Housing: 3 Target Populations: 3 Transportation Opportunities: 1 Public Art: 1 TOTAL: 8	\$3,000,000	Interest Rate: 2.0% Term: 30 year Amortization: 30 year Cash Flow Repayments			\$2,420,000			\$2,420,000	6
The Catherine Phase 1 22 Communities	1881 W N Temple	Applying, 4%	Transportation Opportunities: 1 Architecture & Urban Design: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 4	\$2,524,802	Interest Rate: 2.0% Term: 16 year Amortization: 40 year Cash Flow Repayments			\$1,000,000			\$1,000,000	10
The Catherine Phase 2 22 Communities	1881 W N Temple	Applying, 4%	Family Housing: 3 Transportation Opportunities: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 6	\$1,569,441	Interest Rate: 2.0% Term: 16 year Amortization: 40 year Cash Flow Repayments		\$134,323				\$134,323	10
Citizens West 4 Developed. By Women. & Ivan Carroll	515 W 300 N	Yes, 9%	Family Housing: 3 Target Populations: 3 Transportation Opportunities: 1 Architecture & Urban Design: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 10	\$400,000	Interest Rate: 1.0% Term: 15 year Amortization: 30 year Hard Repayments	\$400,000					\$400,000	2
Fairmont Heights I Lincoln Avenue Communities	2557 S 1100 E	Applying, 9%	Target Populations: 3 Expand Opportunity: 1 Transportation Opportunities: 1 Architecture & Urban Design: 1 TOTAL: 6	\$3,200,000	Interest Rate: 1.0% Acquisition Term: 2-year Balloon or conversion to Permanent Term: 16 year Amortization: 40 year			\$1,000,000			\$1,000,000	13
Project Open 3 Perpetual Housing Fund	529 W 400 N	No	Family Housing: 3 Homeownership: 3 Missing Middle: 3 Transportation Opportunities: 1 Architecture & Urban Design: 1 Public Art: 1 TOTAL: 12	\$710,000	Interest Rate: 1.0% Term: 18 month Balloon Repayment	\$710,000					\$710,000	1
Pharos Apartments Housing Authority of Salt Lake City	915 W 200 N	No	Target Populations: 3 Transportation Opportunities: 1 Neighborhood Safety: 1 TOTAL: 5	\$880,000	Interest Rate: 2.5% Term: 15 year Amortization: 40 year Cash Flow Repayments			\$47,101	\$726,291	\$106,608	\$880,000	12
Book Cliffs Lodge Housing Authority of Salt Lake City	1159 S W Temple	No	Target Populations: 3 Transportation Opportunities: 1 Neighborhood Safety: 1 TOTAL: 5	\$740,000	Interest Rate: 2.5% Term: 15 year Amortization: 30 year Cash Flow Repayments			\$740,000			\$740,000	11
Liberty Corner Cowboy Partners	1265 S 300 W	Yes, 4%	Family Housing: 3 Target Populations: 3 Transportation Opportunities: 1 Neighborhood Safety: 1 Architecture & Urban Design: 1 Commercial Vitality: 1 TOTAL: 10	\$4,500,000	Interest Rate: 2.0% Term: 40 year Amortization: 40 year Cash Flow Repayments	\$1,236,714	\$1,530,674	\$1,732,609			\$4,500,000	4

9Ten West			Target Populations: 3 Transportation Opportunities: 1 Neighborhood Safety: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 7	\$2,000,000	Interest Rate: 2.0% Term: 16 year Amortization: 40 year Cash Flow Repayments	\$1,000,000					\$1,000,000	9
Alliance House 1805 Rebuild	1805 S Main St	No	Target Populations: 3 Missing Middle: 3 Neighborhood Safety: 1 TOTAL: 7	\$500,000	Interest Rate: 2.5% Term: 40 year Amortization: 40 year Cash Flow Repayments					\$500,000	\$500,000	8
TOTAL				\$27,464,243		\$4,241,714	\$1,665,000	\$6,939,710	\$726,291	\$1,501,608	\$15,074,323	

* Projects receive a 0.5% interest rate reduction for each included priority. Sustainability allows for a 1% or 2% reduction. The maximum reduction per development is 2%. The interest rate is calculated as follows: Base Interest Rate minus (-) Interest Rate Reductions (up to 2%) = proposed interest rate; Base interest rate shall be locked within a month of closing. Projects shall maintain project priorities and the same weighted score at closing. Deviation from Project Priorities met may require Board approval.

** Final Terms shall comply with the requirements, standard loan terms and conditions, interest-rate reductions, and all other details laid out within the FY2023-2024 Housing Development Loan Program (HDLP) Guidelines. Changes to repayment type may occur (hard repayment versus cash flow repayment) and shall be based on requirements listed in the HDLP Guidelines or it required by a senior lender. Changes in repayment type will cause a change in the base interest rate. Repayment priority and lien position shall be based on the size of the loan; consideration may be made for other government entity loans if required through their policies. Funds may be disbursed in a lump sum if required by senior lender(s).

*** While reviewing applications, the Committee took into consideration their February 1, 2024 High Opportunity Area HDLP funding recommendation and agreed to maintain their submitted recommendation to fund 515 Tower – Conversion 1 with High Opportunity Area funds. The Committee's competitive HDLP funding recommendations incorporate the previously submitted High Opportunity Area recommendation.

NOTE: For all loan awards greater than \$899,999, the Sustainable Development Policy requires buildings to be designed to operate without fossil fuels, but it would not restrict the ability to have backup generators for emergencies.

Funds Availability	Total Available
RDA Committed Funds	\$4,241,714
Possible Additional RDA Funds	\$1,665,000
HOME Program Income	\$6,939,710
HOME Development Fund	\$726,291
HOME ARP Development	\$1,501,608
HOME Community Housing Development Organization Funds	\$351,841
Total Potential HDLP Funds	\$15,426,164

Funding Recommended by Finance Committee	
Recommended Funding	Funds Remaining
\$4,241,714	\$ -
\$1,665,000	\$ -
\$6,939,710	\$ -
\$726,291	\$ -
\$1,501,608	\$ -
\$0	\$ 351,841
\$15,074,323	\$351,841

Legend:

Gray box: Applicant qualifies for but doesn't want these funds
Black box: Applicant does not qualify for these funds.

ATTACHMENT B: PROJECT SUMMARY SHEETS – THE CATHERINE PHASE 1 AND THE CATHERINE PHASE 2



PROJECT NAME: 6 - The Catherine Phase I
ADDRESS: 1881 W North Temple

OVERVIEW

Developer	22 Communities
Request Type	HDLP Loan – Competitive
Project Type	New Construction
Existing Land Use	Industrial

RDA FUNDING REQUEST

Funding Request	\$1,000,000 (HUD HOME funds)
Total Project Cost	Acquisition: \$7,250,000 Construction to Perm: \$69,452,555
Loan to Cost	Acquisition: 13.8% Construction: 1.4%

PROPOSED TERMS

Interest Rate	Acquisition: 1% ¹ Construction to Perm: 2%
Term, Amortization	Acquisition: 2 Yr, Balloon or Conversion Construction to Perm: 16 Yr, 40 Yr
Repayment Terms	Acquisition: Balloon or Conversion Construction to Perm: Cash flow
Lien Priority	Subordinate to permanent debt

HDLP THRESHOLDS AND PRIORITIES

Family-Sized Units and/or Deeply Affordable Units	Family-Sized Units
90+ Energy Star Score	Condition of Approval
100% Electric	Yes
Priorities Met	Transportation Opportunities, Architecture & Urban Design, Commercial Vitality, Public Art

TIMELINE

Acquisition	June 2024
Construction Start	March 2025

HOUSING UNITS

Bedroom Count	Total Units	Market Rate	61-80% AMI	41-60% AMI	<40% AMI
Studio	80	-	-	80	-
1 Bed	44	-	-	44	-
2 Bed	80	-	-	80	-
3 Bed	24	-	-	24	-
4 Bed	-	-	-	-	-
Total	228	-	-	228	-

LOW-INCOME HOUSING TAX CREDIT

Applying for Tax Credits (Y/N)	Yes, 4%
Tax Credits Reserved (Y/N)	No

ACQUISITION SOURCES

Source	Amount	% of Total
RDA -HDLP Phase 1	\$1,000,000	13.8%
RDA -HDLP Phase 2	\$134,323	1.8%
Seller's Note	\$741,238	10.2%
Senior Debt	\$5,374,439	74.1%
Total	\$7,250,000	100%

ACQUISITION USES

Source	Amount	% of Costs
Acquisition	\$7,250,000	100%
Total	\$7,250,000	100%

CONSTRUCTION DEBT AHEAD OF RDA

Source	Amount
Senior Debt	\$21,767,665

¹ Conditional waiver to affordable deed restriction of 30 years: if unable to secure tax credits and financing within 24 months and property cannot fulfill affordable housing obligation, developer cannot request removal of deed restriction. Removal of deed restriction will

require the loan to be paid in full with an interest rate of the 2-Year US Treasury Yield at time of closing + 8% calculated from the time of interest accrual.

PERMANENT SOURCES

Source	Amount	% of Total
Senior Debt	\$27,541,202	39.7%
OWHLF	\$3,000,000	4.3%
SLC HOME Funds	\$1,000,000	1.4%
Other Sources	\$1,524,802	2.2%
LIHTC Equity	\$30,627,027	44.1%
State Tax Credit Equity	\$4,759,524	6.9%
Deferred Fee	\$1,000,000	1.4%
Total	\$69,452,555	100%

USES

Use	Amount	% of Cost
Land ²	\$5,710,000	8.2%
Hard Costs	\$43,906,872	63.2%
Soft Costs	\$3,225,662	4.6%
Developer Fee	\$5,636,749	8.1%
Financing Expense	\$7,889,000	11.4%
Contingency	\$2,504,272	3.6%
Reserves	\$580,000	0.8%
Total	\$69,452,555	100%

² Land cost is based on appraised value.

PROJECT SUMMARY

From Developer:

“This phase of the project will include 228 units, all of which will be restricted units. There will be 80 studio units, 44 one-bedroom units, 80 two-bedroom units, and 24 three-bedroom units. The units will be available to tenants living at 60% AMI or below. The project will provide eighteen (18) "Type A" units for persons with long-term mobility impairments.”

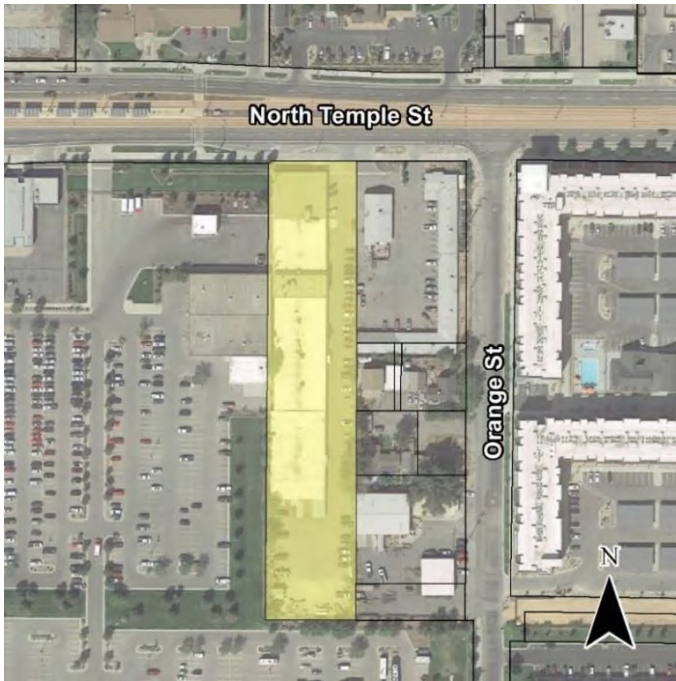
DEVELOPER SUMMARY

From Developer:

“Jake has over a decade of development, design, and project management experience with public, for-profit, and nonprofit entities. While at the Salt Lake City Housing and Neighborhood Development Department, Jake planned the disposition and redevelopment of city-owned assets and oversaw CDBG funded construction projects. Following that, Jake spearheaded the creation and early growth of CW Urban, a fast-growing Utah development company. He stayed on as the Director of Acquisition and Development, overseeing acquisitions, entitlements, and design for all infill and mixed-use developments. Next, Jake was the Director of Real Estate Development at Neighborhood Housing Solutions, a non-profit Real Estate Development company. He was responsible for all single-family subdivisions and multi-family tax credit developments.

This work included the acquisition and initial concept planning for a 100-acre master-planned community in Smithfield Utah, and the development and management of a LIHTC multi-family portfolio. Most recently he was a managing member of Defy Co.labs where he was the Director of Development and Design and spearheaded a 140-unit LIHTC project called Colony B along with multiple other entitlement projects. Jake has been the development lead on over 20 development projects and underwritten hundreds more equating to over 1000 units over multiple Utah communities. Each project has had its unique challenges from environmental clean up to mechanical parking garages or unique entitlement processes. Jake has faced each challenge with creativity, passion and joy for the privilege to participate in the building of communities where people will live out their lives. Jake holds a bachelor's degree in Business Management, a master's degree in Real Estate Development, and an Urban Planning Certificate from the University of Utah.”

SITE MAP



PROJECT RENDERINGS



22
DESIGN + LAB

22 Design Lab
30 N Gould St Ste B
Shandon, WY 83801

CLIENT
1881 North Temple GP LLC
270 S 1800 E
Layton, UT 84040

PROJECT
The Catherine

DRAWN BY
David Clayton, AIA

DESCRIPTION
Perspective 1
North Temple Street Frontage

A0.3





PROJECT NAME: 7 - The Catherine Phase II
ADDRESS: 1881 W North Temple

OVERVIEW

Developer	22 Communities
Request Type	HDLP Loan – Competitive
Project Type	New Construction
Existing Land Use	Industrial

RDA FUNDING REQUEST

Funding Request	\$134,323 (RDA funds)
Total Project Cost	Acquisition: \$7,250,000 Construction to Perm: \$45,194,612
Loan to Cost	Acquisition: 1.9% Construction to Perm: .3%

PROPOSED TERMS

Interest Rate	Acquisition: 1% ¹ Construction to Perm: 2%
Term, Amortization	Acquisition: 2 Yr, Balloon or Conversion Construction to Perm: 16 Yr, 40 Yr
Repayment Terms	Acquisition: Balloon or Conversion Construction to perm: Cash flow
Lien Priority	Subordinate to permanent debt

HDLP THRESHOLDS AND PRIORITIES

Family-Sized Units and/or Deeply Affordable Units	Family Sized Units
90+ Energy Star Score	Condition of Approval
100% Electric	Yes
Priorities Met	Family Housing, Transportation Opportunities, Commercial Vitality, Public Art

TIMELINE

Acquisition	June 2024
Construction Start	March 2025

HOUSING UNITS

Bedroom Count	Total Units	Market Rate	61-80% AMI	41-60% AMI	<40% AMI
Studio	45	-	-	45	-
1 Bed	30	-	-	30	-
2 Bed	45	-	-	45	-
3 Bed	24	-	-	24	-
4 Bed	-	-	-	-	-
Total	144	-	-	144	-

LOW-INCOME HOUSING TAX CREDIT

Applying for Tax Credits (Y/N)	Yes, 4%
Tax Credits Reserved (Y/N)	No

ACQUISITION SOURCES

Source	Amount	% of Total
RDA -HDLP Phase 1	\$1,000,000	13.8%
RDA -HDLP Phase 2	\$134,323	1.8%
Seller's Note	\$741,238	10.2%
Senior Debt	\$5,374,439	74.1%
Total	\$7,250,000	100%

ACQUISITION USES

Source	Amount	% of Costs
Acquisition	\$7,250,000	100%
Total	\$7,250,000	100%

CONSTRUCTION DEBT AHEAD OF RDA

Source	Amount
Senior Debt	\$37,095,412

PERMANENT SOURCES

Source	Amount	% of Total
Senior Debt	\$17,033,754	37.7%
OWHLF	\$2,500,000	5.5%
SLC RDA Funds	\$134,323	.3%
Other Funds	\$1,435,118	3.2%
LIHTC Equity	\$20,011,725	44.3%
State Tax Credit Equity	\$3,079,692	6.8%
Deferred Fee	\$1,000,000	2.2%
Total	\$45,194,612	100%

¹ Conditional waiver to affordable deed restriction of 30 years: if unable to secure tax credits and financing within 24 months and property cannot fulfill affordable housing obligation, developer could request removal of deed restriction. Removal of deed restriction will

require the loan to be paid in full with an interest rate of the 2-Year US Treasury Yield at time of closing + 8% calculated from the time of interest accrual.

PERMANENT USES

Use	Amount	% of Cost
Land ²	\$3,600,000	8.0%
Hard Costs	\$29,314,459	64.9%
Soft Costs	\$2,169,453	4.8%
Developer Fee	\$4,014,863	8.9%
Financing Expense	\$4,062,000	9.0%
Contingency	\$1,733,837	3.8%
Reserves	\$300,000	0.7%
Total	\$45,194,612	100%

PROJECT SUMMARY

From Developer:

“22 Communities LLC (22) (Applicant, Sponsor, Developer, Owner) and KTG Holdings, LLC (KTG) acting as the Sponsor, and Developer, Owner (collectively as “Parties”) are pleased to apply for the April 2024 Private Activity Bond round for the new construction of The Catherine Phase 1. The Catherine will be a 2-phase 2-building 378 unit apartment project directly southeast of the 1940 W North Temple Trax station at 1881 W North Temple, Salt Lake City, Utah. Of the 378 units listed above, 144 units will be a part of this Phase 2 Application and will be restricted to incomes at 60% of the Area Median Income (AMI).

DEVELOPER SUMMARY

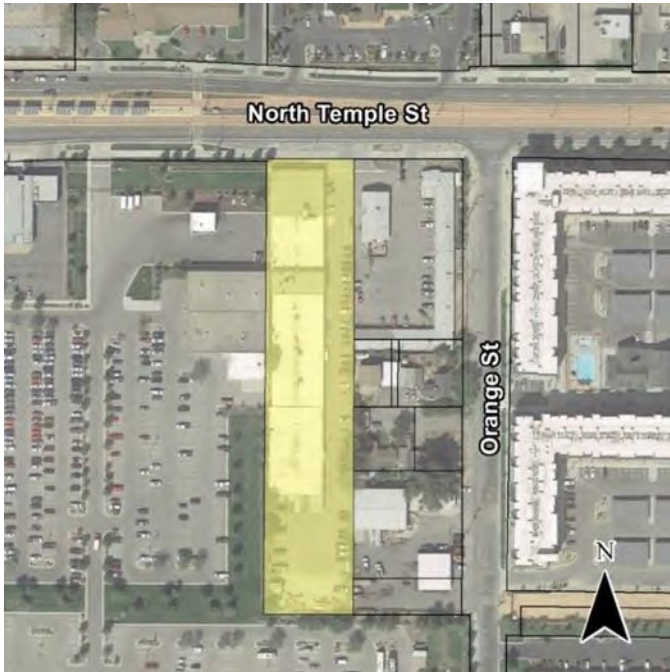
From Developer:

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² Land cost is based on appraised value.

SITE MAP



PROJECT RENDERINGS



22
DESIGN + LAB

22 Design Lab
30 W. Grand St. Suite 200
Shoreline, WA 98133

CLIENT
1881 North Temple GP LLC
275 S. 1000 E
Layton, UT 84040

PROJECT
The Catherine

DRAWN BY
David Clayton, AIA

DESCRIPTION
Perspective 1
North Temple Street Frontage

A0.3



ATTACHMENT C: HOME FUNDS REQUIREMENTS

As part of the FY2023-2024 NOFA, Numerous HUD HOME funds are available. An overview of the HOME Program is available here: <https://www.hudexchange.info/programs/home/home-overview/> and is located within 24 [CFR 92.1 of the Code of Federal Regulations](#).

Details on the different categories of funds are available here:

FUNDS CATEGORY	AMOUNT*	ADDITIONAL DETAILS
HOME Program Income**	\$6,939,710	24 CFR 92 (F) https://www.hudexchange.info/programs/home/home-overview/
HOME ARP Development**	\$1,501,608	https://www.hudexchange.info/programs/home-arp/overview/
HOME Development Fund**	\$726,291	24 CFR 92.206(a): https://www.ecfr.gov/current/title-24/subtitle-A/part-92/subpart-E/subject-group-ECFRf448ea7bbdfb69a/section-92.206
HOME Community Housing Development Organization Funds**	\$351,841	Additional Requirements are located here: <ul style="list-style-type: none">• 24 CFR 92.208• 24 CFR 92.300• 24 CFR 92.301

ATTACHMENT D: RESOLUTION

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. _____

**AMENDMENT: Affordable Housing – FY2023-2024 Competitive Housing Development
Loan Program (HDLP) Funding Allocation Amendments**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY
OF SALT LAKE CITY AMENDING CERTAIN CITYWIDE AFFORDABLE HOUSING
PROJECT FUNDING ALLOCATIONS.

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act (the “Act”).

WHEREAS, the Act provides that tax increment funds may be used for the purpose of increasing the affordable housing supply within the boundaries of Salt Lake City.

WHEREAS, the RDA Board of Directors (“Board”) approved the Housing Funds Allocation Policy (“Funds Policy”), Resolution R-1-2022, which establishes policies with respect to dedicating and directing resources for the development and preservation of housing based on funding source (“Housing Funds”).

WHEREAS, through a Notice of Funding Availability (“NOFA”), the RDA administered a loan application and review process for the Competitive Housing Development Loan Program (“HDLP”) funds pursuant to the HDLP policy set forth in resolution R-2-2022 (the “HDLP Policy”) and the RDA’s Housing Funding Priorities for Fiscal Year 2023-2024 set forth in R-8-2023.

WHEREAS, pursuant to Resolution R-1-2024, passed by the Board on March 19, 2024, the Board previously allocated \$15,426,164 of Competitive HDLP funds to a number of affordable housing development applicants (“2024 HDLP Allocation”).

WHEREAS, as part of the 2024 HDLP Allocation, the Board approved a \$1,000,000 allocation to The Catherine Phase 1 and a \$134,323 allocation to The Catherine Phase 2 (collectively with The Catherine Phase 1, the “Catherine Project”) to fund construction of affordable housing located at 1881 West North Temple in Salt Lake City.

WHEREAS, following the Board’s approval of the HDLP funding allocations, RDA staff received a request to amend the proposed loan terms for the Catherine Project to accommodate use of the funds for property acquisition in addition to construction, along with changes to the terms.

WHEREAS, the Finance Committee has reviewed the amendment request and recommends the term amendments described in Exhibit A be approved by the Board.

WHEREAS, following the Board's approval of the proposed amendments set forth on Exhibit A, the RDA shall provide a 24-month conditional commitment period, starting from March 19, 2024, during which the approved applicant shall have the opportunity to obtain needed financial, legal, and regulatory approvals, as well as satisfy other conditions determined by the RDA, to finalize the loan terms.

WHEREAS, pursuant to the HDLP Policy, applicants that successfully meet the conditions of the conditional commitment shall be invited to execute a Letter of Commitment to finalize the loan terms, subject to a set of conditions precedent to closing of the loan.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD that it approves the funding allocation and amended preliminary terms as further described in Exhibit A, subject to revisions that do not materially affect the rights and obligations of the RDA hereunder. For approved applicants that successfully meet the required conditions, the Board authorizes the Executive Director to negotiate and execute the conditional commitment letter, the Letter of Commitment, the loan agreements, and other relevant documents consistent with the funding allocations and preliminary terms contained on Exhibit A and incorporating such other terms and conditions as recommended by the City Attorney's office.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this _____ day of June 2024.

Alejandro Puy, Chair

Approved as to form: Sara Montoya
Salt Lake City Attorney's Office
Sara Montoya
Date: May 24, 2024

The Executive Director:

____ does not request reconsideration
____ requests reconsideration at the next regular Agency meeting.

Erin Mendenhall, Executive Director

Attest:

City Recorder

EXHIBIT A: THE CATHERINE PROJECT PROPOSED TERM AMENDMENTS

PROJECT/APPLICANT	ADDRESS	LIHTC Awarded?	WEIGHTED PROJECT PRIORITY SCORE/INTEREST RATE REDUCTION*	FUNDING REQUEST	AS-APPROVED PRELIMINARY TERMS***	PROPOSED PRELIMINARY TERMS**	RDA FUNDS	HOME Program Income	TOTAL FUNDING RECOMMENDATION	FUNDING RANKING
The Catherine Phase 1 22 Communities	1881 W N Temple	Applying, 4%	Transportation Opportunities: 1 Architecture & Urban Design: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 4	\$1,000,000	Interest Rate: 2.0% Term: 16 year Amortization: 40 year Cash Flow Repayments	Interest Rate: 1.0%**** Acquisition: 2 Yr Term, Balloon or Conversion. Construction to Perm: Term: 16 year Amortization: 40 year Cash Flow Repayments		\$1,000,000	\$1,000,000	10
The Catherine Phase 2 22 Communities	1881 W N Temple	Applying, 4%	Family Housing: 3 Transportation Opportunities: 1 Commercial Vitality: 1 Public Art: 1 TOTAL: 6	\$134,323	Interest Rate: 2.0% Term: 16 year Amortization: 40 year Cash Flow Repayments	Interest Rate: 1.0%**** Acquisition: 2 Yr Term, Balloon or Conversion. Construction to Perm: Term: 16 year Amortization: 40 year Cash Flow Repayments	\$134,323		\$134,323	10
TOTAL				\$1,134,323			\$134,323	\$1,000,000	\$1,134,323	

* Projects receive a 0.5% interest rate reduction for each included priority. Sustainability allows for a 1% or 2% reduction. The maximum reduction per development is 2%. The interest rate is calculated as follows: Base Interest Rate minus (-) Interest Rate Reductions (up to 2%) = proposed interest rate; Base interest rate shall be locked within a month of closing. Projects shall maintain project priorities and the same weighted score at closing. Deviation from Project Priorities met may require Board approval.

** Final Terms shall comply with the requirements, standard loan terms and conditions, interest-rate reductions, and all other details laid out within the FY2023-2024 Housing Development Loan Program (HDLP) Guidelines. Changes to repayment type may occur (hard repayment versus cash flow repayment) and shall be based on requirements listed in the HDLP Guidelines or it required by a senior lender. Changes in repayment type will cause a change in the base interest rate. Repayment priority and lien position shall be based on the size of the loan; consideration may be made for other government entity loans if required through their policies. Funds may be disbursed in a lump sum if required by senior lender(s).

*** While reviewing applications, the Committee took into consideration their February 1, 2024 High Opportunity Area HDLP funding recommendation and agreed to maintain their submitted recommendation to fund 515 Tower – Conversion 1 with High

Opportunity Area funds. The Committee's competitive HDLP funding recommendations incorporate the previously submitted High Opportunity Area recommendation.

****If the Developer is unable to secure tax credits, financing, or meet conditions to convert the loan to a construction to permanent loan, and cannot fulfill the affordable housing obligation, the 30-year deed restriction on the property could be removed and the RDA's 1% acquisition interest rate would be replaced by the rate of the United States Treasury Yield Curve of the loan term at time of closing plus 800 basis points (i.e. 2-Year yield + 8%) of the repayment of the HOME and RDA funds.

NOTE: For all loan awards greater than \$899,999, the Sustainable Development Policy requires buildings to be designed to operate without fossil fuels, but it would not restrict the ability to have backup generators for emergencies.

